



Transaction Privilege Tax Changes and News

This publication is an informational notice included with the February 2004 Transaction Privilege Tax Return.

CITY OF SURPRISE

Effective April 1, 2004: On January 8, 2004 the Mayor and City Council of the City of Surprise passed ordinance number 03-34. Ordinance 03-34 increases the Surprise City Privilege Tax from **2% to 2.2%**. The tax rate increase affects the following classifications:

Advertising; Amusements; Construction Contracting; Feed at Wholesale; Job printing; Manufactured buildings; Timbering and other extraction; Publishing; Hotels; Rental of real property; Rental of tangible personal property; Retail sales; Telecommunications; Transporting for hire; and Utilities.

Ordinance 03-34 decreases the **additional tax on transient lodging** from **3% to 1%**. The additional tax on transient lodging shall be reported using **SP001**.

Ordinance 03-34 decreases the tax on **Restaurants and Bars** from **5% to 3.2%**. The tax on Restaurants and Bars shall be reported using **SP003**.

Ordinance 03-34 increases the **Retail tax portion of a single item over \$5,000** from **1% to 1.2%**. The Retail tax portion of a single item over \$5,000 shall be reported using **SP004**.

Ordinance 03-34 also **exempts the sale of food for home consumption**.

The increase imposed by this ordinance shall not apply to construction contracts entered into prior to April 1, 2004. **Pre-existing contracts** should be reported using **CODE SP009** at a rate of **2%**.

TOWN OF FOUNTAIN HILLS

Effective April 1, 2004: On January 15, 2004 the Mayor and Town Council of the Town of Fountain Hills passed ordinance number 04-02 and 04-03. Ordinance 04-02 increases the Fountain Hills Town Privilege Tax on Advertising from **0% to 2.6%**. The tax on Advertising shall be reported using **FH000**.

Ordinance 04-03 removes the exemption for residential rental by deleting Local Option S and establishing a rate of **1.6%**. The tax on residential rental shall be reported using **FH004**.

The increase imposed by ordinance 04-02 and 04-03 shall not apply to contracts entered into prior to the effective date of the ordinance. Pre-existing contracts are exempt.

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FREE TAX PREPARATION AND E-FILE

FOR QUALIFIED ARIZONA TAXPAYERS

The Arizona Department of Revenue (DOR) announces opportunities for taxpayers to file their Arizona Individual Income Tax returns electronically at no cost.

DOR and cooperating software developers have formed the Arizona Free File Alliance (AFFA) to provide free online tax return preparation and electronic filing (e-file) services for qualified Arizona taxpayers. Membership in AFFA is open to all tax software developers, and each member sets the free filing eligibility requirements for its products.

Currently, there are six members: CompleteTax, FileYourTaxes.com, TurboTax for the Web, TaxAct, taxeng!ne, and TaxSlayer. Through the cooperation of these software vendors, more than 50% of Arizona filers qualify for free filing. Details are available at www.AZTaxes.gov; click on the e-file logo.

“All Arizona taxpayers expecting an income tax refund from the state should file early and use e-file services to ensure that they quickly receive their refunds,” encouraged DOR Director Elliott Hibbs. “Free service offered by one of the AFFA members makes it even better. Go to AZTaxes.gov first to see if you qualify.”

A few of the benefits of e-filing include:

- Faster refunds: Direct Deposit can speed Arizona refunds to e-filers in as fast as 5 days;
- Reduced tax return preparation time;
- Accuracy of the return;
- Acknowledgement of receipt of your tax return.

Taxpayers that owe taxes can also take advantage of e-file and use the “file now, pay later” option by using Electronic Funds Withdrawal (direct debit). If a balance is due on the e-filed return, the direct debit option allows the taxpayer to file today and specify a future payment date up to and including April 15. On the specified date, the funds are transferred from the taxpayer’s bank account directly to the Department of Revenue. There is no need to send a check that could get lost in the mail, and postage is saved too!



Department of Revenue Telephone Numbers & Web addresses:

Individual and Corporate Income Tax:(602) 255-3381

Toll-free from area codes 520 and 928:(800) 352-4090

Transaction Privilege Use, Withholding Tax, Licensing:(602) 255-2060

Toll-free from area codes 520 and 928:(800) 843-7196

Hearing Impaired TDD User:(602) 542-4021

Toll-free from area codes 520 and 928:(800) 397-0256

To order forms by phone:(602) 542-4260

Forms by fax:(602) 542-3756

Forms and instructions are also available on our website at: www.revenue.state.az.us

Businesses can now register, file and pay online at:www.AZTaxes.gov